REMARKS

Reconsideration of the above-identified patent application in view of the amendments above and the remarks following is respectfully requested.

Claims 1-24 are in this case. Claims 15-22 were withdrawn by the Examiner from consideration as drawn to a non-elected invention. Claims 1-14, 23 and 24 have been rejected under § 112, second paragraph. Claims 1-14, 23 and 24 have been rejected under § 101. Claims 1-14, 23 and 24 have been rejected under § 103(a). Independent claim 1 and dependent claims 1-5, 23 and 24 have been amended. New dependent claim 25 has been added.

The claims before the Examiner are directed toward a method for setting a licensing policy for the use of a digital product by a plurality of users. A tolerant first licensing policy is conducted during a trial period. At least one parameter of the use of the digital product by the users during the trial period is monitored. Based on the monitoring, an optimization method is utilized by the users to determine a second licensing policy that is less tolerant than the first licensing policy. The method is effected at least in part via a licensing server.

§ 112, Second Paragraph Rejections

The Examiner has rejected claims 1-14, 23 and 24 under § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Specifically, the Examiner has pointed out that the terms "relatively less tolerant" and "relatively more tolerant" in claim 1 do not specify relative to what.

The Examiner's rejection is respectfully traversed. Claim 1 has been amended to clarify that the "relatively less tolerant" licensing policy is less tolerant than the

"relatively more tolerant" licensing policy. To this end, the "relatively more tolerant" licensing policy now is called a "first" licensing policy and the "relatively less tolerant" licensing policy now is called a "second" licensing policy. Dependent claims 2-5, 23 and 24 have been amended to be consistent with claim 1. Applicant believes that these amendments completely overcomes the Examiner's rejection on § 112, second paragraph grounds.

§ 101 Rejections

The Examiner has rejected claims 1-14, 23 and 24 under § 101, as being directed toward non-statutory subject matter.

Specifically, the Examiner has pointed out that the scope of claim 1 includes performance of the recited steps by one or more human beings without the aid of a machine.

The Examiner's rejection is respectfully traversed. Claim 1 has been amended to include the limitation that at least one of the recited steps is effected at least in part via a licensing server. Explicit support for this amendment is found in the specification at least on page 4 line 32 through page 5 line 7 with respect to the conducting step:

> According to another example, the licensing server runs a licensing pool of N (e.g. 1000) licenses. Each time a user wants to use the digital product, a request for license is posted to the licensing server. The licensing server issues a license only if there are available licenses. Each time a license is issued, the number of available licenses is decreased by 1, and each time a user finishes working with the licensed product, the number of licenses is increased by 1. During the trial period, the licensing pool is "filled up" with a greater number of licenses than the number of expected requests (the latter matching, for example, the number of employees of the organization, which is therefore smaller than N).

and on page 6 lines 2-6 with respect to the implementing step:

> Whenever the number of purchased licenses is changed, the licensing server can inform the vendor (or vendor's server) about the updated number of licenses.

It is at least implicit that the licensing server also could be involved in the monitoring step.

Applicant believes that this amendment of claim 1 completely overcomes the Examiner's rejection on § 101 grounds.

§ 103(a) Rejections – Ginter et al. '193 in view of Stefik et al. '971

The Examiner has rejected claims 1-14, 23 and 24 under § 103(a) as being unpatentable over Ginter et al., US Patent No. 6,253,193 (henceforth, "Ginter et al. '193") in view of Stefik et al., US Patent No. 6,236,971 (henceforth, "Stefik et al. '971"). The Examiner's rejection is respectfully traversed.

One crucial difference between the present invention and the teachings of both Ginter et al. '193 and Stefik et al. '971 is that in both Ginter et al. '193 and Stefik et al. '971 the determination of a licensing policy is only "top-down", either imposed on the licensee by the licensor or negotiated between the licensor and the licensee. Indeed, Stefik et al. '971 are even more "top-down" than Ginter et al. '193. The license terms of Stefik et al. '971 are usage rights that are "permanently 'attached' to the digital work" (column 6 line 61, emphasis added). According to column 11 line 36 of Stefik et al. '971, the usage rights may be narrowed, but only upon transfer of a digital work from one user or site to another user or site. The rights of a given site or of a given user remain fixed. Indeed, in teaching that the rights of a given site or of a given user remain fixed, Stefik et al. '971 teach *against* the present invention, as recited in claim 1. Claim 1, as now amended to overcome the § 112, second paragraph rejections, recites the *substitution* of a second licensing policy for the first licensing policy, *i.e.*, *changing* the rights of the users of the organization.

By contrast, the method of the present invention includes "bottom-up" determination of a licensing policy, in which the licensee dictates to the licensor what the licensing policy will be. Consider, for example, the example given in the specification of the above-identified patent application on page 4 lines 19-31:

> For example, an organization intends to purchase licenses for using a digital product, e.g. a spreadsheet software, but it has no indication about the quantity of licenses required by the organization. During the first month, which is used as a trial period, the organization gets N licenses, where N is greater than the number of the members of the organization. During the trial period, the usage is monitored, and the usage information is registered in a database. The usage parameters may be one or more of the parameters listed above. After the trial period is over, the organization determines the quantity of licenses to purchase. The quantity of licenses to purchase (in an adjusted licensing policy according to the present invention) may be determined, for example, by the number of users that used the product for at least three times during the trial period (e.g. 150 users used the product 4 times, 200 users used the product 3 times, 250 used the product 2 times, and 400 users used the product one time, thus 150+200=350 licenses). (emphasis added)

In this example, the licensee (the organization), not the licensor (the vendor of the digital product) decides how many licenses to purchase.

While continuing to traverse the Examiner's rejections, Applicant has, in order to expedite the prosecution, chosen to amend independent claim 1 in order to clarify and emphasize this distinction between the method of the present invention and the teachings of Ginter et al. '193 and Stefik et al. '971. Specifically, the limitation that the second licensing policy is implemented only by the plurality of users, that was introduced in response to the Office Action mailed July 27, 2005 and that was deleted in response to the Office Action mailed January 13, 2006, has been restored to claim 1.

The Examiner has cited Ginter et al. '193 column 255 line 57 through column 256 line 7 as teaching the modification of a license by one or more users. The cited passage from Ginter et al. '193 teaches no such thing. The cited passage from Ginter

et al. '193 lists the "other participants" of a virtual distribution environment **100**. None of these other participants is a user of the distributed electronic content.

The Examiner also has cited Stefik et al. '971 column 16 line 59 through column 17 line 10 as teaching the modification of a license by one or more users. The cited passage from Stefik et al. '971 teaches no such thing. The cited passage from Stefik et al. teaches an interaction between a licensor and a licensee in which the licensor presents the licensee with a licensing fee structure and the licensee decides which license option to pay for. The licensee has no say in the determination of the fee structure.

Another limitation of independent claim 1 that renders independent claim 1 patentably distinct from the teachings of Ginter et al. '193 and Salas et al. '971 is the limitation that the implementing of the second licensing policy utilizes at least one optimization method. This limitation, that is taught by neither Ginter et al. '193 nor Stefik et al. '971, was introduced in response to the Office Action mailed July 27, 2005 and has not been addressed by the Examiner. Applicant respectfully invites the Examiner to address this limitation.

With independent claim 1 allowable in its present form it follows that claims 2-14, 23 and 24 that depend therefrom also are allowable.

New Claim

New claim 25 has been added. New claim 25 adds to claim 1 the limitation that at least one of the users that implements the second licensing policy is an end user. It is clear throughout the specification of the above-identified patent application that the "users" are end users who actually use the digital product, not agents and redistributors who act as proxies for the licensor. See *e.g.* page 4 lines 26-31 (also cited above):

> The quantity of licenses to purchase (in an adjusted licensing policy according to the present invention) may be determined, for example, by the number of users that used the product for at least three times during the trial period (e.g. 150 users used the product 4 times, 200 users used the product 3 times, 250 used the product 2 times, and 400 users used the product one time, thus 150+200=350 licenses). (emphasis added)

In view of the above amendments and remarks it is respectfully submitted that independent claim 1, and hence dependent claims 2-14 and 23-25 are in condition for allowance. Prompt notice of allowance is respectfully and earnestly solicited.

Respectfully submitted,

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